

91

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

DOCKET NO. 2001-411-E

IN RE: Application of Greenville County)
Power, LLC for a Certificate of)
Environmental Compatibility and)
Public Convenience and Necessity)

Rebuttal Testimony of
Chip Olsen

- 1 Q. What is your name and your position with Cogentrix?
- 2 A. My name is Chip Olsen and I am employed by Cogentrix as Vice President of
- 3 Development.
- 4 Q. What is the purpose of your rebuttal testimony?
- 5 A. The purpose of my rebuttal testimony is to respond to the direct testimony of the
- 6 intervenor Lee Judd in this matter.
- 7 Q. Are the rates for power generated at Cogentrix facilities competitive with rates
- 8 for power produced at other facilities?
- 9 A. Yes. If they were not, we would not be able to sell power. Utilities that serve the
- 10 consumer have two basic choices: they may produce the power themselves, or they
- 11 may buy it from another producer. If Cogentrix' price exceeded the cost that utilities
- 12 would incur to produce the power, then utilities would choose to produce the power
- 13 themselves and Cogentrix would soon be out of business.

92

1 The statement about rising wholesale electricity prices in Cogentrix' project
2 description documents is one indication that demand for electricity exceeds the
3 supply. The Greenville County Power Plant can help meet that demand.

4 Finally, lawsuits against merchant plants in California for illegal price fixing are
5 irrelevant to Greenville County Power's application. The illegality of price fixing
6 does not depend on whether an entity is a merchant plant, a traditional regulated
7 utility, or some other business.

8 Q. Why do Cogentrix' project description materials list sound levels for the plant
9 from 400 feet away?

10 A. The noisiest components of Cogentrix' project will be 400 feet from the property
11 line, so that will be the level of sound experienced by any member of the public. We
12 used a chart of everyday sounds because decibel levels, standing alone, do not mean
13 much to most people. The chart was excerpted from an EPA document that listed
14 everyday sounds where people might experience them. For example, chainsaws and
15 washing machines are listed as though you are the user, but the heavy truck and street
16 sweeper are listed as though you are standing 50 feet away. Obviously, if your
17 neighbor is using the chainsaw, the chainsaw will seem quieter to you; if you are
18 driving the heavy truck, the truck sound will be louder to you.

19 The closest residence is that of Mr. John Hopkins, and it is 1500 feet from the
20 location of the turbines. The next closest residences are those of Mr. Hopkins'
21 parents and Buddy and Kathy Dyer, which are approximately 1600 feet from the
22 turbines.

93

1 Q. What is the area in the vicinity of the proposed project like?

2 A. The site is located in a correctly zoned, rural area of Greenville County. The present
3 use of the property is field and forest. In the immediate area of the site, there are a
4 major power transmission line, fuel oil lines, and natural gas pipelines and stations.
5 Also, Greenville County Power will be located right across the street from Greenville
6 Generating Company, a gas-fired combustion turbine plant approved by the
7 Commission in March 2001. These issues are further analyzed in the testimony of
8 James Robinson, which is also being filed today.

9 Q. Does Greenville County Power have contracts for the sale of power?

10 A. No. Greenville County Power does not yet have the Certificate required by this
11 Commission or the environmental permits required by DHEC. Based on our analysis
12 of the market need for the project and expressions of interest on the part of power
13 purchasers, we anticipate being able to enter into contracts when we have regulatory
14 approvals.

15 Q. Does Cogentrix have the knowledge, capacity and experience to operate this
16 plant?

17 A. Yes, we do. Cogentrix Energy, Inc., was founded in 1983, and it is headquartered in
18 Charlotte, North Carolina. Cogentrix has interests in 28 facilities in 14 states and
19 internationally, with a total generating capability of more than 7800 megawatts. Five
20 of these plants are currently under construction. Cogentrix also has projects totaling
21 more than 10,000 additional megawatts in active development throughout the United
22 States. In addition, our environmental record at all these plants is very good.

94

1 Q. What about the items the Intervenor claims are not included in your
2 application?

3 A. Some of these items, such as information on contaminated groundwater and site
4 storage tanks, are included in the application. We did not consider the other items
5 essential for the Commission's evaluation of Greenville County Power's application.
6 Many of them are items we will have to develop as part of construction and operation
7 of the plant. For example, we will be required to develop a Spill Prevention
8 Containment and Countermeasures Plan because we have a fuel oil tank on site.
9 Similarly, if we have any OSHA hazardous chemicals on site, we will be required to
10 maintain copies of Material Safety Data sheets and to comply with hazard
11 communication standards. We are familiar with these requirements because we have
12 to, and do, comply with them at our other facilities.

13 Other items in the list are items on which we have information, but that information
14 is more properly considered in another forum such as the DHEC permit process. For
15 example, assessment of impacts to the Reedy River will be evaluated as part of
16 approvals of NDPES permits. Other items are simply irrelevant, such as cost of
17 upgrade and improvement of roads, which will not be necessary for this project.

18 We have held three community meetings and have made company representatives
19 available to answer any questions from citizens about the facility, including any
20 questions not addressed in the formal applications to the PSC and DHEC. However,
21 not including those items in this application is not a defect in the application, nor
22 does it mean that Greenville County Power has not considered the issues.

95

1 Q. Who will pay to connect the plant to the Duke system and to expand and
2 upgrade the Duke transmission lines?

3 A. As I described in my prefiled testimony and exhibits, Duke Energy will design and
4 construct the Harrison Bridge Switching Station. Duke Energy has also identified
5 required transmission system upgrades to accommodate Greenville County Power
6 and Greenville Generating Company, which will be located across Fork Shoals Road.
7 Greenville Generating Company and Greenville County Power are responsible for
8 the cost of the Switching Station. As I stated in my prefiled testimony, upgrades to
9 the Duke System to accommodate Greenville County Power will cost approximately
10 \$10 million and will be paid by Cogentrix.

11 Q. Is natural gas available to the project?

12 A. Yes. Contrary to the statement in the Intervenor's prefiled testimony, the Transco
13 pipeline is already adjacent to the project site. This issue is more thoroughly
14 addressed in the prefiled testimony and rebuttal testimony of Ron Kiecana.

15 Q. What about the inability of Duke Power or other public utilities to expand their
16 facility needs?

17 A. First, if a utility demonstrates that an expansion is necessary, the Commission will
18 presumably grant a Certificate for the expansion as it has done in the past. Second,
19 the Intervenor's testimony incorrectly assumes that the cost of acquiring power from
20 Greenville County Power will be higher than the cost of producing the power.
21 Finally, nothing in the Siting Act suggests that the Commission should "reserve"
22 capacity need for investor owned utilities.

96

1 Q. Will the project adversely affect the Reedy River?

2 A. As detailed in the prefiled testimony of Ray Orvin, George Fletcher, and Rick Neff,
3 reuse of wastewater rather than discharging to surface streams fits within the goals
4 of the National Pollutant Discharge Elimination System. Also, reuse of the
5 wastewater is not expected to reduce flows in the Reedy River below historic levels.
6 There is no indication that reusing wastewater instead of discharging it will affect any
7 lakes, wells, or areas below the Mauldin Road Plant. Finally, we are working with
8 the Greenville Water System to secure at least some of our process water
9 requirements as potable water, which will result in an even cleaner discharge to the
10 Reedy.

11 Q. What about geology and soils?

12 A. A wetland delineation that identifies the flood plain and any wetlands has been
13 performed. Further, the plant will be constructed to meet all applicable seismic
14 standards.

15 Q. Is the company financially stable?

16 A. Yes. Cogentrix has been in business for 18 years, and one of the exhibits to my
17 prefiled direct testimony was our latest annual report. The Intervenor's statement
18 about a Texas bankruptcy is completely false. As stated in the Affidavit of Cogentrix
19 general counsel Dennis Alexander, a copy of which is attached as an exhibit, no
20 Cogentrix facility has ever filed for bankruptcy. However, even if a project were to
21 go bankrupt, the people who would lose money are the project's investors, not the
22 citizens of South Carolina who have made no investment in the project.

97

1 Q. What about the need for the facility?

2 A. The need for the facility is addressed at length in the prefilled testimony of Robert
3 Davis, and the documents that support that conclusion are attached to Mr. Davis'
4 testimony. The Intervenor's statement offers no more than a bare conclusion that the
5 plant is not needed. The Intervenor's comments about effects on property value are
6 addressed in the Rebuttal Testimony of James Robinson, and the comments about
7 effects on non-attainment are addressed in the prefilled testimony of Richard Neff and
8 George Fletcher, and the Rebuttal Testimony in response to DHEC's prefilled
9 testimony, which Greenville County Power has requested permission to file on
10 Wednesday, December 12.

11 Q. Does this conclude your rebuttal testimony?

12 A. Yes, it does.

BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

DOCKET NO. 2001-411-E

IN RE: Application of Greenville County)	
Power, LLC for a Certificate of)	
Environmental Compatibility and)	Rebuttal Testimony of
Public Convenience and Necessity)	Ron Kiecana
)	

1 **Q. Please state your name and your position with Cogentrix.**

2 A. My name is Ron J. Kiecana. I am the Director of Fuels and Project
3 Development at Cogentrix Energy, Inc.

4 **Q. What is the purpose of your rebuttal testimony?**

5 A. The purpose of my rebuttal testimony is to respond to the claims about
6 natural gas in the testimony of Intervenor Lee Judd.

7 **Q. Are natural gas lines available on site?**

8 A. Yes. We anticipate that we will interconnect to the Transco natural gas lines
9 either directly or through Piedmont Natural Gas. No natural gas will be
10 trucked to the site. As described in my prefiled testimony, Greenville County
11 Power is participating in Transco's Cornerstone Open Season expansion
12 project to secure forward haul capacity.

13 **Q. Who will bear the cost of upgrading the Transco system and**
14 **connecting to the system?**

15 A. Those costs are the responsibility of the project or the shipper of record if
16 they are not the same party. Of course, the participants in the Cornerstone

1 Expansion would share in the cost of the Transco System upgrade. The cost
2 of the interconnection agreement at Greenville County Power would be paid
3 by Greenville County Power.

4 **Q. How will this project affect regional gas pricing and gas price volatility?**

5 **A.** We believe that adding gas infrastructure is likely to have a positive effect on
6 regional pricing. The Transco pipeline is fully subscribed, so the existing
7 infrastructure cannot accommodate growth in regional demand. Greenville
8 County Power will increase the amount of available transportation capacity
9 to the region by subscribing to forward haul firm service under Transco's
10 Cornerstone Expansion. In addition, Greenville County Power's ability to
11 switch to an alternate fuel will help manage the regional peak day gas load,
12 which is when prices are most volatile.

13 **Q. Does this conclude your testimony?**

14 **A.** Yes, it does.
15